

Message Text

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ACTION EUR-25

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R 221351Z AUG 74

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 0324

INFO AMEMBASSY MADRID

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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E.O. 11652: N/A

TAGS: ELAB PO

SUBJ: LABOR DISPUTE INVOLVING FOREIGN AIRLINES

REF LISBON 3574

SUMMARY: CENTRAL ISSUE DIVIDING WORKERS AND MANAGEMENT OF SEVENTEEN FOREIGN AIRLINES OPERATING IN PORTUGAL (RIGHT TO FIRE WITHOUT CAUSE) MAY BE LESS A MATTER OF OUT-AND-OUT CONFRONTATION THAN ONE INVOLVING MISCONCEPTIONS AND EXAGGERATED FEARS ON BOTH SIDES. EMBASSY/DEPT MAY BE IN POSITION TO ALLAY CERTAIN OF THESE FEARS, RELATING TO PROPOSAL FOR MANAM/TWA MERGER. GOP APPEARS UNCERTAIN IN HOW TO HANDLE DISPUTE, WHETHER TO EXERT PRESSURE ON AIRLINES BY INDIRECT MEANS OR TO KEEP UNRELATED ISSUES SEPARATE. END SUMMARY.

1. PANAM'S THERIAGA HAS NOTIFIED EMBASSY THAT: (A)

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GOP MAY BE ATTEMPTING TO BRING PRESSURE ON PANAM IN

CURRENT LABOR DISPUTE (REFTEL) BY DENYING IT PERMISSION TO RESUME LANDING RIGHTS IN SANTA MARIA (AZORES) ON LISBON-BOSTON RUN. (PANAM SUSPENDED SERVICE TO SANTA MARIA AT BEGINNING 1974 AS FUEL-SAVING MEASURE DURING ENERGY CRISIS. ITS "RIGHT" TO LAND THERE WAS NOT RENOUNCED, HOWEVER, AND IN FACT THE PRESUMPTION WAS THAT SERVICE WOULD BE RESUMED IF CIRCUMSTANCES PERMITTED). PANAM NOTIFIED GOP OF ITS INTENTION TO RESUME FLIGHTS INTO AZORES ON AUGUST 8. GOP OFFICIAL INFORMED THERIAGA TELEPHONICALLY ON AUGUST 21 THAT PERMISSION WAS GOING TO BE DENIED AND THAT A FORMAL, WRITTEN REFUSAL WOULD FOLLOW. LATER ON (SAME DAY), THERIAGA WAS CONTACTED BY PHONE SECOND TIME BY OFFICIAL WHO ASKED THAT HE WITHHOLD TAKING ANY ACTION HE MIGHT HAVE CONTEMPLATED TAKING AS RESULT FIRST PHONE CALL; GOP WAS RECONSIDERING ITS DECISION, AND THERIAGA WOULD BE NOTIFIED OF OUTCOME IN MORNING (AUGUST 22). (B) AS TO CENTRAL ISSUE IN LABOR DISPUTE (RIGHT OF AIRLINES TO FIRE WITHOUT CAUSE), THERIAGA SUSPECTS THAT PRINCIPAL MOTIVATION BEHIND WORKERS' DEMAND IS FEAR THAT CLAUSE WILL BE USED TO EFFECT MASS DISMISSAL OF PANAM/TWA EMPLOYEES WHO WOULD BE RENDERED SUPERFLUOUS IN UPCOMING, US GOVERNMENT ORDERED MERGER OR COOPERATIVE ARRANGEMENT BETWEEN AIRLINES. AIRLINE EMPLOYEES HAVE READ NEWS, ROUTINELY DISSEMINATED IN COMPANIES' PUBLICATIONS REGARDING "MERGER" PROPOSAL, AND INTERPRET IT AS CERTAIN EVENTUALITY. (A SECONDARY FEAR RELATES TO USE OF THIS CLAUSE IN RECENT YEARS BY TWA, A FACT OF WHICH HE PERSONALLY WAS UNAWARE BEFORE AUGUST 20).

2. THERIAGA ADMITS THAT RIGHT TO FIRE WITHOUT CAUSE IS NOT IN ITSELF IMPORTANT TO AIRLINES (THIS ACTION TAKEN AGAINST ONLY 4 EMPLOYEES OF ALL 17 AIRLINES LAST YEAR). HOWEVER PRINCIPLE OF KEEPING CONTRACT PROVISIONS INTACT UNTIL END OF CONTRACT PERIOD IS CONSIDERED IMPORTANT BY AIRLINES WHO FEAR THAT GIVING IN ON THIS PROVISION WILL LEAD TO CHALLENGES OF OTHER PROVISIONS. IN RESPONSE TO EMBOFF COMMENT THAT GAME MIGHT NOT BE WORTH THE CANDLE, THERIAGA CONFIDED (PROTECT THIS CONFIDENCE) THAT HE PERSONALLY FEELS LIMITED OFFICIAL USE

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PRINCIPLE NOT WORTH THE PRESENT FIGHT, BUT HE HAS TO ACCEPT POSITION OF HIS COMPANY AND OTHER AIRLINES.

3. ACTION REQUESTED: EMBASSY WISHES BE PREPARED RESPOND AUTHORITATIVELY AND PROMPTLY IN EVENT QUERY DIRECTED TO US CONCERNING US GOVERNMENT ATTITUDE ON PANAM/TWA MERGER OR COOPERATIVE ARRANGEMENT PROPOSAL. PLEASE ADVISE. ALSO DEPT MAY WISH DISCUSS WITH PANAM ADVISABILITY

OF INSISTING ON RETAINING RIGHT TO FIRE WITHOUT CAUSE
WHEN IT SO INFREQUENTLY USED AND WHEN CONSEQUENCES OF
SO INSISTING APPEAR TOO GRAVE TO WARRANT HOLDING TO
PRINCIPLE.

4. DEPT MAY WISH TO CONTACT PANAM NEW YORK
OFFICIAL ROBERT SHIELS, TO WHOM THERIAGA IS REPORTING.
SHEILS MAY BE REACHED AT 212 973-7700.
POST

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